

**Working Capital Fund Board Meeting
Minutes of the Meeting
February 27, 2008, 1:30 PM, RM 8E-089**

I. Introductions

Howard Borgstrom called the meeting to order.

II. Approval of Minutes of the December 6, 2007 meeting.

The Board approved the minutes without exception.

III. FY 2008 First Quarter Report

The financial condition of the Fund is sound. The Fund experienced \$1.7 million in net earnings during the First Quarter of FY 2008 on earnings of \$29.3 million. The businesses with the largest variances are nominated for review by working groups below. Financial performance has varied substantially among businesses, but the overall result for the first eleven years has been substantially a breakeven situation, in line with Congressional and Departmental policies. The board accepted the First Quarter Report with no exceptions

IV. FY 2008 Proposed Execution Changes

- a. STARS/A-123:** Warren Huffer identified one-time additional requirements for the STARS business related to STRIPES integration (\$0.7 million) and Reimbursable Work-Legacy Cleanup (\$0.3 million). This will be accomplished by an increase of \$0.2 million contributed by the CFO and a \$0.8 million increase in STARS revenue. However, this latter increase would be offset by \$1.0 million in reduced billings for Financial Reporting Control Assessment. The Board approved this increase to STARS billings, which will result in a net \$0.2 million savings to programs.
- b. Network:** Kevin Cooke addressed the Board with a potential requirement for the network upgrade that might utilize the \$6.2

million profits in that business line. He recommended that the network business develop the requirement for presentation to the working group reviewing the pricing policies for the Phone and Network businesses for the FY 2010 Budget process.

V. FY 2009 Mail Working Group Recommendation

Alvan Majors addressed the Board with the recommendation of the Mail working group to change the pricing policy for mail infrastructure to be effective in the FY 2009 budget year. The group reviewed the recent history of declining mail stops and inadequate revenues to finance the fixed contract providing this service. The recommendation was to use a blended pricing mechanism using both the pro rata share of mailstops for half of the revenue (\$0.6 million) and the pro rata share of actual mail handled/program from the prior fiscal year for the other half of the revenue (\$0.6 million). This annual charge will be assessed to programs in January, 2009. The Board approved this change.

VI. FY 2010 Budget Planning

a. Proposals for Working Groups to Revise Pricing Policies in Building, Phones, Network, and PMCDP Business Lines:

Howard Borgstrom discussed the need to appoint working groups to review current policies in order to make recommendations to the Board on the need to revise those policies for the FY 2010 Budget process. Board attendees will recommend program participants for these reviews. Working Group recommendations will be due to the Board at its next meeting late in March.

b. Current Pricing Policies Estimates – First Week of April. In order to accommodate the need to provide programs with FY 2010 budget estimates in early April, businesses have been asked to provide the Fund Manager with estimates of the funding requirements and a distribution to program accounts by March 25.

VII. The Board Voted to Adjourn

Representing the Board

Chair Howard Borgstrom
HSS Lesley Gasperow
EM Cynthia Rheaume
NE Karen Tappert
SC Vicki Barden
EI Steve Durbin

MA Marilyn Dillon
FE Anita Bedrosian
EE Thomas Heavey
IM Kevin Cooke
NA Theresa Tyner
GC Susan Beard
HC Alan Perry

Attendees

Warren Huffer – CF
Bob Emond - CF
Ronald Mayo - CF
Margo Mark - IM
Paul Trottier - OE
Jayne Faith - CF
Mary Anderson – MA
Kevin Cooke - IM
Sonya Rush - PI
R.L. Montoya - MA

Mike Wolfe - MA
Steve Garvey - IM
Debra Thornton - EI
Ellsworth Howell – MA
Alvan Majors - MA
Tony Nellums - MA
Willie Ingram - MA
Daniel Lonnerdal - IM
Jenifer Hackett – EM
Dan Woomer - CI